

## ◆ FINANCE –ACCOUNTS PAYABLE

### ◆ General Guidelines

The following is an overview of Accounts Payable guidelines for processing supplier payments.

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**Please help us make the processing of invoices work as efficiently as possible for all involved by complying with the following processes to procure goods and/or services. Your help with abiding by these procedures will ensure compliance with State Law and quicker delivery of payment to our suppliers. Contact your Department staff member responsible for approving requests to initiate the purchasing process.**

### **SUPPLIER PAYMENT PROCESS**

All payment requests to a supplier for food, equipment, materials, supplies or services must have the following:

- 1) Supplier Setup/Change- ([Enrollment Packet](#))
- 2) Purchase Order
- 3) Receiver
- 4) Approved Supplier Invoice that clearly identifies the public purpose.

Exception – see “Single Payment Vouchers” section listed below.

#### **Supplier Setup/Change**

To request a new supplier, or make changes to an existing supplier, a City staff member must submit an e-mail request to Accounts Payable. A Completed COMET Supplier Enrollment Form Packet, including the W-9 Form, must be attached to the request. If a supplier sends these forms directly to Accounts Payable without a request from a City staff member the supplier will not be setup and the application will be held until the request is received. If the supplier you want to do business with is already listed in COMET, you may skip to the Purchase Order section listed below.

After submitting a request along with the required documents, wait to receive an e-mail from the A/P Supplier Maintenance staff, informing the requester that the supplier was successfully setup in COMET and a supplier ID is created. Then proceed to the Purchase Order section listed below.

To learn if the supplier is active in COMET, go to Suppliers/Supplier Information/Review Suppliers and enter the supplier name

- If you are given a match, the supplier name will appear with a supplier ID #. Look to see if they are listed as active or inactive. If active, skip to the Purchase Order section listed below and use the supplier number as a reference on the Property and Services Requisition Form referenced in that section.
- If the supplier is inactive or you are given a result of “no match”, go to CityTalk/Finance and Property Services/Accounts Payable/Supplier Enrollment Process. Send all (4) documents that are listed under Supplier Application Forms to the supplier. The documents are:
  - Supplier letter for invoicing
  - COMET Enrollment Form Packet (pdf)
  - W-9 Form (pdf)

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- City of Minneapolis Procurement and Conflict of Interest Policy (pdf)

The supplier must complete and return supplier enrollment packet and W-9 form. Once you receive them back from the supplier, send them via e-mail to [accountspayable@minneapolismn.gov](mailto:accountspayable@minneapolismn.gov) or by interoffice to 323M Attn: OOSII

### **Purchase Order**

To start the process of obtaining a purchase order and receiver number; fill out a requisition form located on CityTalk under Forms/Central Requisition Order Form (pdf). There are instructions on how to fill out the form located on CityTalk under Forms/Central Requisition Order Forms Instructions (pdf). Send the completed form to Central Requisitions and Receiving (CRR) in Room 325M CH or e-mail the form to [centralreq@minneapolismn.gov](mailto:centralreq@minneapolismn.gov). Change the subject line to read “Requisitions (Department Name, Supplier Name>”. For questions on this process, call 612 673-5555.

CRR staff are there to help you with placing orders for goods and services, and sending purchase orders to the vendors upon request.

### **Receiver**

Once the goods are received or the services are performed, a document verifying the purchase should be delivered to CRR or the departments requisition staff for them to create a receiver. Appropriate documentation is:

- Packing Slip from supplier verifying delivery of goods
- Detailed receipt of purchase
- Departmental approved invoices for professional services (proof of service performed)
- E-mail approval when no packing slip is available
- Approval & Coding string in ECMS>Workbasket comments for the specific invoice associated with service.

Once the receiving documentation has been processed and created in COMET, Accounts payable will wait for the invoice to arrive from the supplier and enter the invoice into COMET where the supplier will be paid according to the payment terms for that supplier.

### **Supplier Invoices**

City of Minneapolis suppliers are required to submit invoices ***directly*** to:\*

[Submitinvoices@minneapolismn.gov](mailto:Submitinvoices@minneapolismn.gov) OR City of Minneapolis – Accounts Payable  
(Preferred way) PO Box 211208  
Eagan, MN 55121

In an effort to improve our Accounts Payable processes which includes centralizing our invoices in A/P, becoming more paperless, and expediting payments to our vendors, we implemented a process to scan vendor invoices into our document imaging system) before they are paid. By doing so we are able to provide faster

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visibility of the invoices for City staff to review and approve, by electronically routing invoices. These changes will let us speed up the payment process which will enable quicker payments to vendors.

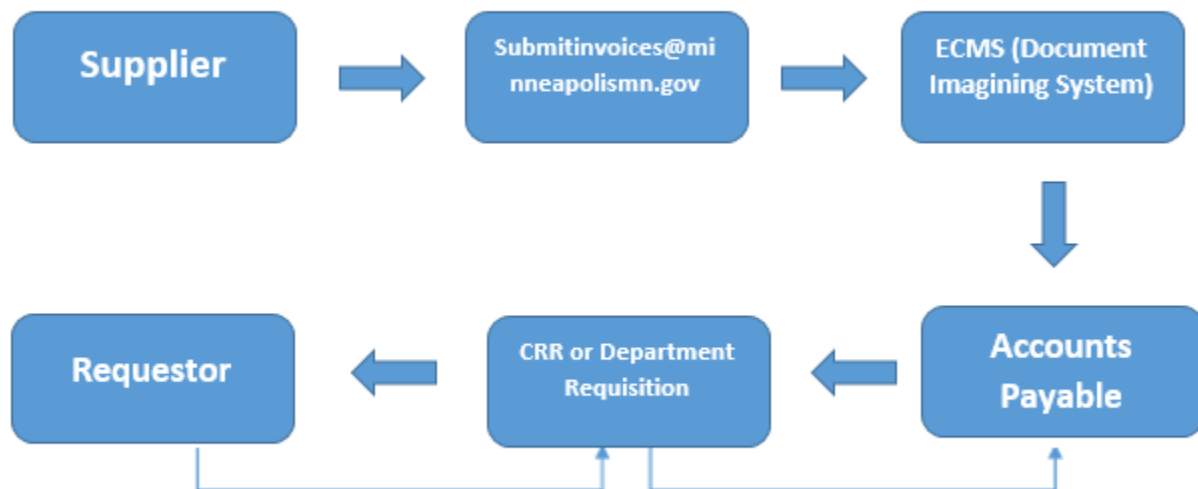
Following this process will allow for a quicker overall processing time and prompt payments to suppliers.

All supplier invoices must reference a COMET Purchase Order number

If an invoice with a referenced purchase order is sent to a department, the department should immediately forward the **original** invoice to Accounts Payable via interoffice mail and inform the supplier to send future invoices to [submitinvoices@minneapolismn.gov](mailto:submitinvoices@minneapolismn.gov). Any copies kept in the department must be clearly labeled as such.

*Invoices that are brought to the Accounts Payable department directly should be left in the interoffice mail slot inside 325M, not given directly to an A/P Clerk.*

If you need further assistance, call the OOSII (Supplier Setup) at x5781, A/P Supervisor at x3264, or the AR Manager at x2311.



### **Supplier Payment**

Once the purchase order and receiver are both in place, and the invoice has been received from the supplier, Accounts Payable can process the invoice and make payment to the supplier.

**Proper supporting documentation and explanation submitted with a request for payment will minimize delay of the payment.**

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#### **Delayed Payments**

The most common reasons for Accounts Payable encountering delayed payments to suppliers include:

- A request to setup supplier wasn't sent prior to the purchase being made
- Contract expired and/or contract out of money.
- Invoices not being reviewed and approved in a timely matter.
- Missing or incorrect documentation (see below)

In the event that Accounts Payable receives an invoice that has incomplete or incorrect documentation including, but not limited to:

- Missing COMET purchase order number
- Missing COMET receiver
- A price difference of greater than 10% of that which is listed on the Purchase Order
- An incorrect supplier listed on the Purchase Order
- An incorrectly processed Receiver (i.e. one receiver for multiple shipments)

An invoice copy will be scanned and emailed by the Accounts Payable Clerk to the Finance Account Clerk/Central Requisitions and Receiving Clerk (CRR) or the correct ordering department. The Account Clerk/CRR Clerk will be responsible for contacting the department to ensure the required documents are generated within seven business days. The Account Clerk/CRR Clerk should then reply to the original email with the following information:

- Supplier Number
- Purchase Order Number
- Receiver Number

#### **Duplicate Payments**

To prevent duplicate payments, COMET does not allow the same invoice number to be entered for payment. All original invoices are digitally stored in ECMS. Any copies distributed must be clearly labeled as such. This includes invoice copies retained by the ordering department and/or finance account clerk.

If a copy of an invoice is submitted for payment the words "Use as Original" should be written on the invoice. The ordering department should ensure that this copy is not a duplicate payment.

### **TYPES OF PAYMENTS**

#### **Single Payment Vouchers**

Single Pay Voucher is a process in COMET by which Accounts Payable pays refunds and reimbursements (other than employee reimbursements, which are processed through payroll) and are not tied to a specific supplier number. Single Pay Vouchers are for items that are non-reportable on a 1099 Form and shouldn't be used to pay a 1099 reportable supplier.

Single payment vouchers should be requested using a single payment voucher request form, which is located at CityTalk under Forms/[Single Pay Voucher Req \(xls\)](#). This form should be completed, signed and dated by the approver.

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\* Department specific forms may be accepted with prior approval from the Accounts Payable Supervisor.

#### **Check Requests**

A check request should be used when an invoice cannot be received from the supplier. Payment requests should be submitted on a check request form which summarizes the nature of the payment and to which all original receipts and necessary supporting documentation are attached. Individual check request forms prepared and signed by departments are acceptable or by using the form located in CityTalk under Forms/[Check Request \(docx\)](#)

#### **Emergency Checks**

Emergency checks are to be requested by the Accounting Manager only for bona fide emergency situations.

#### **Employee Reimbursements (processed by Payroll)**

Employee payments such as mileage, travel reimbursements and reimbursements for tuition, registration or seminar fee, food and beverage, parking, etc., are made through the payroll system. These types of payments do not require the preparation of COMET documents. Attach all supporting documentation to the employee reimbursement form located on CityTalk under Forms/[Travel expense Report](#) (xls) and include the employee number, earnings code, and COMET chartfields on each reimbursement request and submit to ***Payroll***.

Employee reimbursements for taxable items such as food and beverage that were not taxed by the supplier, regardless if the supplier is in state or out-of-state, should be taxed as “Use Tax”. These types of reimbursements cannot be made through the Payroll System and will have to be made through the COMET system as a single payment voucher.

#### **Payment Terms**

Most suppliers are set to invoice terms of “Net 30”, which means that payments will be issued 30 days from the invoice date.

Certain time-sensitive payments are issued as “Due Now”, including:

- Utilities
- Tuition
- Memberships
- Conference Registrations
- Petty Cash Reimbursements
- MPRB Payroll
- CPED real estate and loan closings
- Suppliers classified as “SUB” (Small and Underutilized Businesses)
- Early Pay Discounts

Other payments may be issued as “Due Now” or with different terms if stated in the supplier contract or otherwise deemed appropriate by the Accounts Payable supervisor/Accounts Payable Manager or Procurement/Contract Managers.

#### **Early Pay Discounts**

Certain Suppliers offer early pay discounts. This should be indicated on their invoice. If an invoice is ready to pay with-in those discount terms, Accounts Payable will automatically take the discounts and apply the credit toward the expense account.

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## DOCUMENTS

### Supplier Statements

Statements of account will be reviewed and retained by Accounts Payable. AP clerks will respond appropriately when invoices that are more than 30 days past due are referenced. If the City is missing an invoice from the supplier, they will be contacted by Accounts Payable to resend the invoice.

Payment from a supplier “Statement” is acceptable only in the following instances:

- A statement for the purchase of food and beverage from a restaurant or catering establishment. A “food tab” that lists the items ordered and shows the total owing must accompany the statement.
- Statements advising “Pay from this Statement. No invoice will be sent”. Such statements must be “complete” in that they identify the supplier’s name and address, date of procurement, the goods and services procured, and the total amount billed.

### Packing Slips

Packing Slips should be noted with any discrepancies in shipment, and signed/approved, then forwarded to the Central Requisition and Receiving team via interoffice mail. (All departments that do their own requisitions, should send their packing slip to Accounts Payable to scan into ECMS.) The CRR/AP Clerks will match them to the corresponding purchase order. In instances where a packing slip wasn’t sent or is missing, please send an e-mail to the CRR team at [centralreq@minneapolismn.gov](mailto:centralreq@minneapolismn.gov) to notify them that the items that were purchased have been received or the services have been provided as soon as possible. All departments that do their own requisitions should contact the supplier if they are missing a packing slip or contact Accounts Payable.

\*Packing Slips should include the Supplier Number, Purchase Order Number, and Order Date.

### Changes to Invoices

If changes are necessary on an invoice, an Accounts Payable Clerk will cross out the incorrect information, re-write the correct information and initial that the change was made. An Accounts Payable clerk will also note any changes on the COMET voucher in the “Payment Message” field, which appears on the payment remittance advice.

Changes are only allowed when:

- Sales tax incorrectly calculated
- Use/Sales tax can be added or deleted.
- Shipping and handling fees can be changed or deleted if not appropriate as per contract.
- Supplier referenced the wrong purchase order or contract number.

Changes **NOT** allowed on an invoice (Supplier should be contacted to re-invoice):

- Company/supplier name
- Invoice number
- Invoice date
- To increase an amount greater than what was invoiced

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#### **Credit Memos**

Credit memos should be sent directly to Accounts Payable. Credit memos will be processed against invoice(s) referenced. This will decrease the original voucher, referencing the invoice number in the description field. If related original invoice has already been paid, the credit will be processed when a payment voucher(s) of a larger (positive) amount is processed to the same supplier using the same funding string. When this match occurs, the credit memo is deducted from the larger payment voucher and separately identified by the invoice number on the check stub.

If the credit amount is substantial, and it is questionable that there will be invoices processed to offset the credit, Accounts Payable will request that the supplier issue a repayment check.

In rare instances whereby a check is needed beforehand in order to obtain goods (does not apply to services) contact department head for pre-approval.

#### **Invoice Retention**

Invoices and appropriate correspondence are digitally stored in ECMS by Accounts Payable. Copies of invoices can be obtained by requesting access to ECMS. Access to ECMS can be requested by contacting IT at 612-673-2525, e-mailing your request to the IT Service Desk or contacting the AP Manager.

### **RELATED TOPICS**

#### **Electronic Funds Transfer (EFT)**

COMET transactions that indicate the supplier is designated to receive payment by electronic funds transfer (EFT) should not be altered in order to have a paper check issued unless requested by departments and/or the supplier and approved by the Accounts Payable supervisor. EFT information is setup in the Supplier Enrollment Form.

#### **Food and Beverage Expenditures**

Food and Beverage expenditures over \$1000 require prior approval of the Finance Officer or designee. A written request, which describes the event and identifies the public purpose and estimated cost, must be submitted to the Finance Officer or designee at least 30 days prior to the date of the event.

Requests for reimbursements for food and beverage expenditures are required to be accompanied by an original “paid” receipt or invoice, a training schedule, seminar or meeting program, documentation of the public purpose, date, time and location of the meeting, and a list of attendees.

#### **Sales & Use Tax**

Accounts Payable will add appropriate sales and use tax at the voucher level. Taxes should not be calculated by the Requestor. Additionally, taxable and non-taxable items must be requested on separate requisition lines.

#### **Points to remember:**

- As of July 1, 2014, the City is exempt from sales tax except for a few areas within the City of Minneapolis; Solid Waste and Recycling as well as Park Board purchases for their golf courses. For those specified areas, the City pays only 6.875% sales or use tax for general purchases. Local governments do not pay local sales or use tax, i.e. 0.5% charged by Minneapolis, the 0.15% charged by Hennepin County, the 0.25% transit sales tax charged by Hennepin County, or the 0.15% ballpark sales tax. Other taxable purchases included materials purchased in a lump sum construction contract, leasing of motor vehicles, lodging, airfare, car rentals, prepared food, candy, soft drinks and alcoholic beverages, and purchases by some JPA purchases.

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- 9.50% sales tax applies to food and beverage purchased from restaurants, delicatessens, lunch counters, coffee shops, snack bars, bakeries, candy stores, deli counters, hotels or diners located in the “downtown Minneapolis” taxing area. Minneapolis downtown area includes Downtown Minneapolis, St Anthony Main, Riverplace, Seven Corners, US Bank Stadium, Loring Park, Lower Hennepin (Laurel Village), Warehouse area over to Monte Carlo and Nicollet Island. Lodging is also 9.50% (6.875% + 2.625% lodging tax)
- Any taxable invoice that was not billed for tax, regardless if the supplier is an in-state supplier or out-of-state supplier, should be paid as “Use Tax”. Accounts Payable will verify that in-state suppliers are aware that the City of Minneapolis is mostly a tax-exempt entity.
- Any reimbursement made to a non-city employee for taxable purchases that were not taxed by the supplier, regardless if the supplier is in state or out-of-state, should be taxed as “Use Tax”.
- Receipts submitted to Accounts Payable for Petty Cash reimbursement for employee purchases of taxable items that were not taxed by the supplier should reflect “Use Tax”.

For sales and use tax questions, the Minnesota Department of Revenue – Sales and Use Tax Division can be contacted at 612 296-6181. They can also be accessed on the web:

<http://www.taxes.state.mn.us> .

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**Accounts Payable Contacts**

<u><b>A/P Clerk Name</b></u>	<u><b>A/P Clerk ID #</b></u>	<u><b>Supplier/Letters Assigned</b></u>	
<b>Tammie Andersen (x5624)</b>	<b>112772</b>	<b>A,B,C,U &amp; Settlement Checks</b>	<b>Please note...AP processes by the Suppliers legal name, not the DBA name.</b>
<b>Konchok Dolma (x2543)</b>	<b>105001</b>	<b>D,E,F,G, Petty Cash &amp; Park Board Sporting Officials</b>	
<b>Jean Stephens (x2045)</b>	<b>109748</b>	<b>H,I,J,K,L, CenterPoint Energy &amp; Single Payments</b>	
<b>Kim Engel (x3944)</b>	<b>041780</b>	<b>M,N,O,T,V,X,Y,Z, VE's beginning w/digits &amp; Northern States Power (dba Xcel Energy)</b>	
<b>Annetter Reynolds (x5453)</b>	<b>121702</b>	<b>P,Q,R,S,W &amp; Qwest (dba CenturyLink)</b>	
<b>Deshawn Tart (x5781)</b>	<b>098916</b>	<b>Supplier Maintenance Setup/Vendor Setup</b>	
<b>Jean Poppen (x3264)</b>	<b>066608</b>	<b>A/P Supervisor</b>	
<b>Richard Perrizo (x2311)</b>	<b>119841</b>	<b>A/P Manager</b>	
<b>Supplier correspondence Email</b>		<a href="mailto:accountspayable@minneapolismn.gov">accountspayable@minneapolismn.gov</a>	<b>PO Box 211208, Eagan, MN 55121</b>
<b>Invoice Submission Address</b>		<a href="mailto:submitinvoices@minneapolismn.gov">submitinvoices@minneapolismn.gov</a>	